

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE)	
)	
JOHN and RHONDA NIELSEN,)	Bankruptcy No 09 B 38903
)	
Debtor.)	
)	
JOHN and RHONDA NIELSEN,)	
)	
Plaintiffs,)	
)	
v.)	Adversary No. 09 A 1027
)	
LITTON LOAN SERVICING and HOUSEHOLD)	
FINANCE CORPORATION III,)	
)	
Defendants.)	

CONCLUSIONS OF LAW

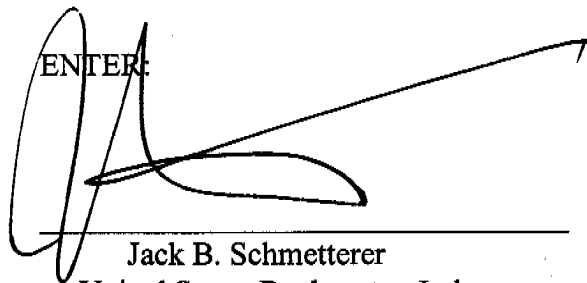
After entry of Findings of Fact earlier, the following Conclusions of Law are to be entered:

1. This Adversary is a core proceeding pursuant to 28 U.S.C. Section 157, and jurisdiction lies pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. § 547.
2. The Complaint was filed pursuant to 11 U.S.C. 506, and in accordance with Bankruptcy Rule 7001. Debtors seek to value their residence for the purpose of supporting Debtor's Chapter 13 Plan provision G which states: "Because any claim of creditor [Household Finance Corporation III] is wholly unsecured pursuant to § 506(a), this plan will treat any claim of creditor [Household Finance Corporation III] as a wholly unsecured claim and it will be paid in accordance with treatment of class four claims."

3. Pursuant to Findings of Fact entered herein, the second mortgage lien of Household Finance Corporation is not supported by any property value. Therefore, pursuant to 11 U.S.C. 506 of the Bankruptcy Code and In re: Kidd, 161 B.R. 769 (Bankr. E.D.N.C. 1993), the loan with Household Finance Corporation III, secured by a second mortgage against the plaintiffs' said property, is therefore an unsecured claim. In turn, pursuant to 11 U.S.C. 506(d), the lien securing said loan is void.

4. Accordingly, judgment will be entered separately adjudging that, contingent on Plan confirmation and completion and debtors' discharge pursuant thereto, the Second Mortgage lien of Household Finance Corporation III on property at 15742 La Paz Court in Oak Forest, Illinois will be deemed null and void..

5. Jurisdiction will be reserved to enter orders in aid of this Judgment after discharge has entered.

ENTER: 

Jack B. Schmetterer
United States Bankruptcy Judge

Entered this 9th day of June 2010.